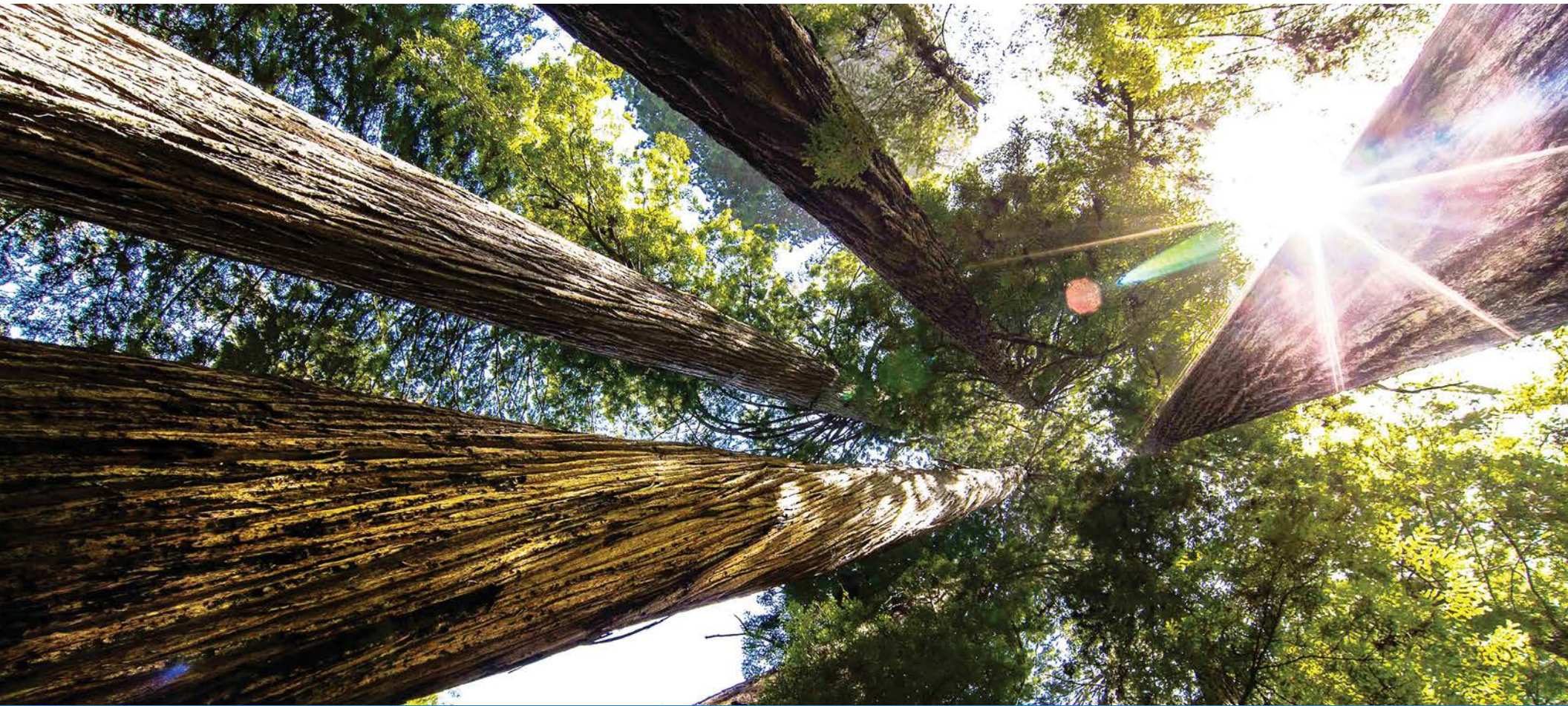




2019 Senior Living Trends Report: Redefining Your Growth Strategy

By Jennifer Boese, Mario Mckenzie, and Gail Miller



Create Opportunities

Our [2018 CLA Senior Living Trends report](#) marked our first effort to better understand the role of disruption in the shifting and evolving senior living and care market. After conversations with clients, industry leaders, and other interested stakeholders, we felt drawn to exploring how disruption, innovation, demographics, and workforce are impacting **growth strategies**. Therefore, our 2019 trends report will focus on senior living through a growth-focused lens.

Our perspective on growth moves beyond size or scale. We want to encourage the industry to join us as we redefine how we think about growth in the capacity to care for different populations, our ability to use data and technology, and our willingness to engage with new partners or to accept risk-based contracts. These areas of growth may stretch some, but they are also opportunities for organizations to meet the future today.

We know growth is not without risk, and we are not advocating for blind growth at the expense of a solid business plan. It is important to recognize, however, that stagnancy often bears greater risk than growth. In this season of momentous change in the senior living space, organizations that don't seek growth take on substantial risk of becoming irrelevant.

Trends do not change overnight, and for the most part, we believe that many of the trends introduced in our 2018 CLA Senior Living Trends report remain relevant. But this report will go a step further to show how some of these trends can influence growth efforts of senior living operators, investors, and other constituents.

Senior Living Trends



Payment transformation

Health care is in a period of transition. Surviving and thriving in this age of change requires a culture of agility and an understanding of how payment changes may impact your organization. Due to the pace and magnitude of change in today's health care landscape, we have expanded our discussion around the impact of payment transformation in this year's report.

The role of two-sided risk: ACOs, APMs, and bundles

Many payors (government and commercial) are moving toward new risk models like Accountable Care Organizations (ACOs), Bundled Payments for Care Improvement Initiative (BPCI), and other Alternative Payment Models (APMs). The foundations of these models are similar: find cost efficiencies while still providing high quality care.

Over the past year, the Centers for Medicare & Medicaid Services (CMS) has swiftly moved demonstration models from non-risk bearing toward taking on some form of financial risk-sharing (commonly referred to as two-sided risk, seen in the [Pathways to Success ACO](#), the [BPCI-Advanced](#), and [Primary Care](#) models). These models are built on the outcomes of precursor models and have moved from limited or no downside risk (i.e., no financial penalties) to two-sided risk. We believe this trend will continue.

Key post-acute trends under various APMs

- Shifting sites of services from higher cost settings (e.g. skilled nursing or inpatient rehabilitation facility) to lower cost (e.g. home health)
- Shorter lengths of stay
- Keen attention to reducing ER transfers and hospital readmission rates
- Developing preferred PAC partner networks
- Focusing on transitions of care
- Earlier discharges leading to higher acuity patients in certain PAC settings
- Emphasis on the importance of data, data, data

If we look at the Pathways to Success model and the Primary Care initiative, both have elements that were built on the Next Gen ACO. Next Gen is an advanced, two-sided risk model that results in cost savings and high-quality care, while also offering flexibility, including waivers from the three-day SNF rule and telehealth regulations. Next Gen and its successor models may provide a path to a sustainable payment methodology for older adults in a low-cost, high-value manner.

When we consider bundled payment models, previous BPCI model options have all been replaced by BPCI-Advanced, another two-sided risk APM. Previous BPCI models have allowed skilled nursing operators to be an episode initiator, but BPCI-A does not. While future models may bring skilled nursing back as an episode initiator, there could be growth opportunities in the interim for a select group of organizations that want to tackle the role of convener. Meanwhile, the Comprehensive Care for Joint Replacement (CJR) bundles — the only mandatory bundle currently in place — still continues. CMS is also considering additional bundles, including in the post-acute space. All of this leads us to assume that the role of bundles will continue in this evolving payment landscape.

As CLA reviewed the various models to date and analyzed results, we noticed a few similar themes that senior living providers need to be aware of to navigate the shifting payment landscape. As you consider growth strategies, your organization should assess how you can align incentives to achieve financial success in these areas.

Medicare's changing reimbursement mechanisms

Medicare is initiating several new payment models for skilled nursing and for home health. Both of these new payment mechanisms are focused on patient characteristics versus volume of services. For skilled nursing facilities, the [Patient-Driven Payment Model](#) (PDPM) begins on October 1, 2019. Along similar lines is the new home health model, the [Patient-Driven Groupings Model](#) (PDGM), which begins on January 1, 2020. Both payment systems transition from relying on volumes, such as the number of therapy minutes, to determining reimbursement

based on patient characteristics. Accurate assessments and clinical excellence will be essential to both home health and skilled nursing operators for a successful transition.

Medicare Advantage: ongoing growth and new flexibilities

Medicare Advantage plans have been around for decades — well before value-based models like ACOs and bundles. CLA even considers them the [godfather of value-based models](#), as they have been operating in a capitated, risk-based manner for years.

According to the [Kaiser Family Foundation](#), the number of beneficiaries enrolled in Medicare Advantage plans since 2004 has more than tripled from 5.3 million (13% of all beneficiaries) to 20.4 million in 2018 (34%). Multiple studies, [including one by Avalere](#), show that Medicare Advantage plans provide comparable or better results, particularly with dual-eligible beneficiaries, when compared to traditional Medicare Fee-For-Service (FFS).

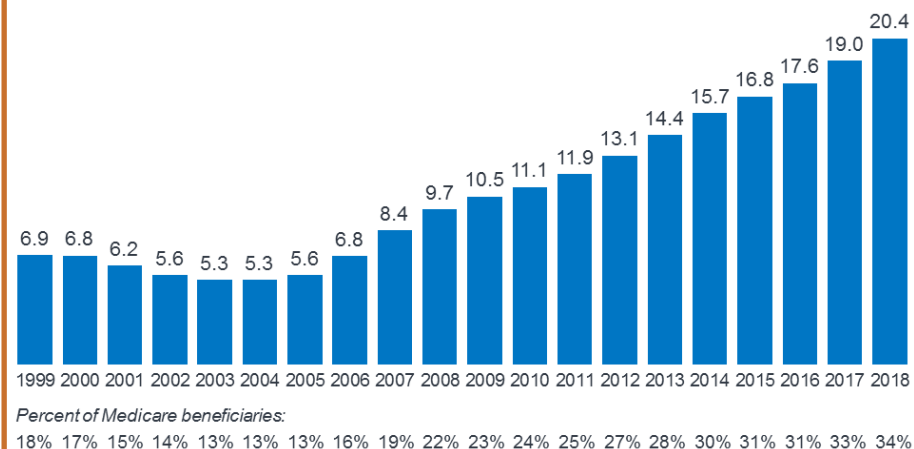
CLA believes [Medicare Advantage plans will see continued enrollment growth](#), in part due to the enactment of the Bipartisan Budget Act of 2018 (Public Law 115–123), which:

- Made certain Medicare Advantage plans (called Supplemental Needs Plans [SNPs]) permanent.
- Expanded the definition of supplemental benefits and allowed Medicare Advantage plans to focus benefits on specific needs of individuals beginning in 2019.
- Allowed plans to include telehealth as a base benefit for Part B services in 2020, and allowed the home as an acceptable telehealth site of service.
- Provided opportunities in 2020 to begin paying for expenses related to Social Determinants of Health (SDoH) for chronically ill beneficiaries, including providing meals, transportation for non-medical needs, and addressing the home environment.

These options provide Medicare Advantage plans the ability to tailor their offerings to specific populations and needs, and are among the reasons we believe Medicare Advantage will continue to see growth.

Total Medicare Private Health Plan Enrollment, 1999 – 2018

Medicare Advantage Enrollment, in millions:



NOTE: Includes Medicare Advantage plans and cost plans.

SOURCE: KFF analysis of Centers for Medicare & Medicaid Services Medicare Advantage enrollment files, 2008-2018, and MPR, 1999-2007; based on March enrollment of each year (April for 2006).



Since 2009, 10 million more beneficiaries selected a Medicare Advantage plan over the past decade and that growth will continue.

Source: "An Overview of Medicare," Kaiser Family Foundation, <https://www.kff.org/medicare/issue-brief/an-overview-of-medicare/>

Medicare Advantage: SNPs create unique opportunities

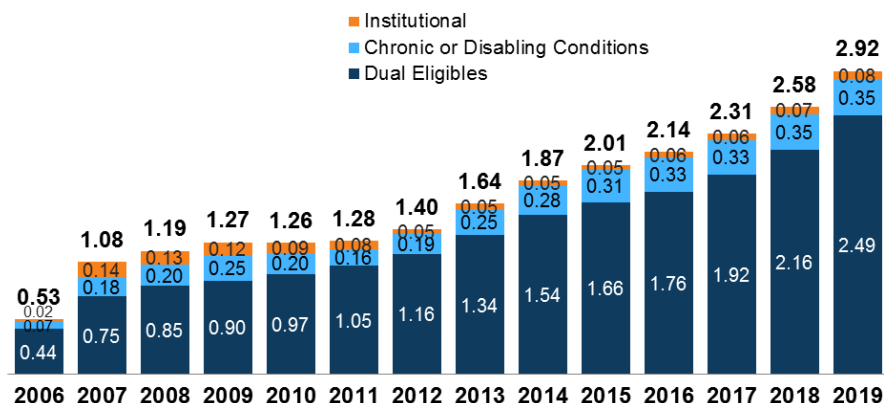
Medicare Advantage SNPs are designed to improve quality and reduce costs by better coordinating and managing the care of three populations:

- Institutionalized (I-SNP) — Individuals who live in an institutional setting, such as a nursing home, or require nursing care at home
- Dual eligible (D-SNP) — Individuals eligible for Medicare and Medicaid
- Chronic care (C-SNP) — Individuals with one or more severe or disabling chronic condition

SNPs were made permanent in the Bipartisan Budget Act of 2018 and continue to gain in popularity. There are currently roughly three million individuals covered by SNPs.

Nearly 3 million Medicare beneficiaries are enrolled in Special Needs Medicare Advantage Plans in 2019

Number of Beneficiaries in Special Needs Plans, 2006-2019 (in millions)



NOTE: Numbers may not sum to the total due to rounding. Includes enrollment in Puerto Rico.
 SOURCE: Kaiser Family Foundation analysis of CMS Medicare Advantage Enrollment Files, 2006-2019.



Source: "Medicare Advantage," Kaiser Family Foundation, <https://www.kff.org/medicare/fact-sheet/medicare-advantage/>

While all three types of SNPs have implications for post-acute providers, I-SNPs may stand out the most. As shifts continue to happen in the payor and provider worlds, operators may have the opportunity to become a payor, placing them in better control of their own fate by getting closer to the premium dollar.



In our [three-part webinar series](#), we highlighted the general nature of SNPs. These plans act as insurance plans with financial risk attached and require certain models of clinical care. They are also aligned with where CMS is moving with respect to value (cost-efficient and high-quality care). In reference to how I-SNPs allow operators to not only manage spending, but also manage and control the clinical and organizational issues, American Health Plan's Hank Watson said, "That's the control element of owning a health plan. It's not just the flow of funds, but it's also creating the structure that allows you to be successful." Ultimately, while more financial risk is involved, I-SNPs allow operators to control their own futures, making them attractive for some organizations.

Medicare Advantage: demonstrations

Medicare Advantage plans have new opportunities under voluntary demonstrations begun by the Center for Medicare & Medicaid Innovation (CMMI). For plans looking to innovate and manage care in new ways, CMMI allows multiple model options under its Value-Based Insurance Design (VBID) demonstration.

Per CMS, [the goal of the VBID](#) is “to reduce Medicare program expenditures, enhance the quality of care for Medicare beneficiaries, including dual-eligible beneficiaries, and improve the coordination and efficiency of health care service delivery.” Participating plans have been allowed to target seven conditions (e.g., COPD, diabetes, and heart failure) and provide what are considered [high value services](#) — or services that meet a patient’s unique needs — to beneficiaries. For example, an individual with diabetes in a VBID model could receive eye exams or similar services.

However, CMMI has substantially broadened the scope of VBID for the future, which could also have multiple impacts on post-acute care providers. The new model options beginning in 2020 include:

VBID by condition, socioeconomic status, or both	Non-uniform benefit designed to provide reduced cost-sharing or additional supplemental benefits for enrollees based on condition and/or certain socioeconomic (i.e., low-income subsidy eligibility or dual-eligible) status
Medicare Advantage and Part D Rewards and Incentives programs	Meaningful and focused Medicare Advantage and Part D Rewards and Incentives programs
Telehealth networks	Increased access to telehealth services by allowing plans to propose using access to telehealth services instead of in-person visits, as long as an in-person option remains, to meet certain requirements for the provider network
Wellness and health care planning	Timely, coordinated approaches to wellness and health care planning, including advance care planning. This is a required component for all VBID-participating Medicare Advantage plans.

Source: CMS, <https://www.cms.gov/newsroom/fact-sheets/value-based-insurance-design-model-vbid-fact-sheet-cy-2020>

CMS also announced in 2019 the availability of a future [VBID option to carve-in hospice](#) starting in 2021.

From new reimbursement mechanisms and Medicare Advantage plan design, to shifting sites of service, to increasing pressure to provide high quality, cost-efficient care while meeting changing consumer expectations and demographics, the future is full of potential for new growth for those that can capitalize on it.

CLA has the ability to help organizations with financial models, strategic plans, and operational implementation of payment transformation. Our Health Care Innovation and Insights (HI²) team is on the frontlines of [legislative, regulatory, and market-based trends](#).

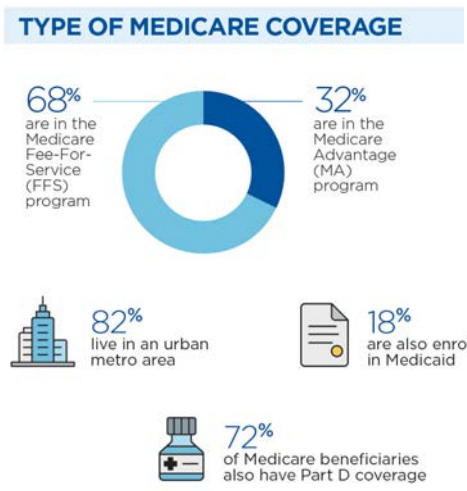
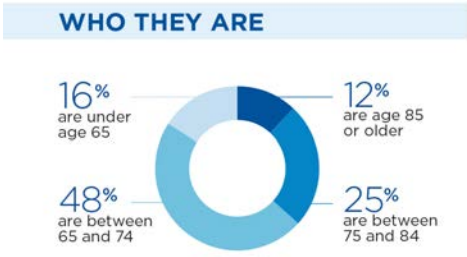
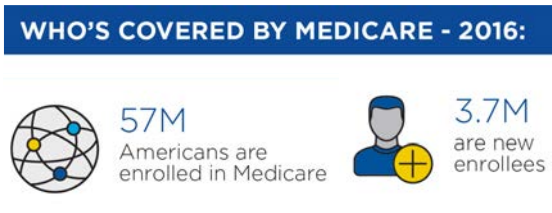
- What is your role in the local health care market?
- How do you compare to your competitors in terms of quality and outcomes?
- Are there any evolving care models or risk sharing models that offer you a greater opportunity to succeed in the marketplace?



Demographic growth

Many publications, including our [2018 Senior Living Trends report](#), have explored the impending increase of seniors in the United States. As we think through this population, it is important to understand that this is not a homogenous group. The Advisory Board talks about Medicare-aged individuals as subpopulations of young-old, old, and old-old. With that in mind, we looked at recent CMS Medicare beneficiaries data, identified some of these age cohort differences, and began to think about the different lifestyle expectations and health care needs belonging to each population.

The [Centers for Disease Control shows](#) that 6 in 10 adults have a chronic disease, and four in 10 have at least two. The sheer number of older adults aging into Medicare, the differences in desires by subpopulation, and the impact of chronic disease creates a host of opportunities for senior living providers. That said, we are cognizant that this strategy goes beyond the assumption that if you build it, they will come. Operators must understand what these differing populations need, as well as what they can *afford*.



Source: https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Beneficiary-Snapshot/Downloads/Bene_Snapshot.pdf

As noted in the charts to the right, the [National Investment Center for Seniors Housing](#) (NIC) reported declines in occupancy throughout 2018 in both independent living and assisted living. Additionally, inventory growth outpaced absorption rates in each of the past three years for both segments. Developers are betting that demographic growth will drive higher occupancies and greater absorption in 2019.

While the first quarter of 2019 shows 90.4% occupancy for independent living and 85.5% occupancy for assisted living, according to NIC, many believe that 2021 will represent the real beginning of the “Silver Tsunami” (when Baby Boomers begin turning 75). Senior housing developers are taking a myriad of approaches as Baby Boomers approach retirement age. Some are creating communities that will attract affluent seniors, while others are looking to creatively bridge the delta between seniors’ lifestyle expectations, health care needs, and their financial means.

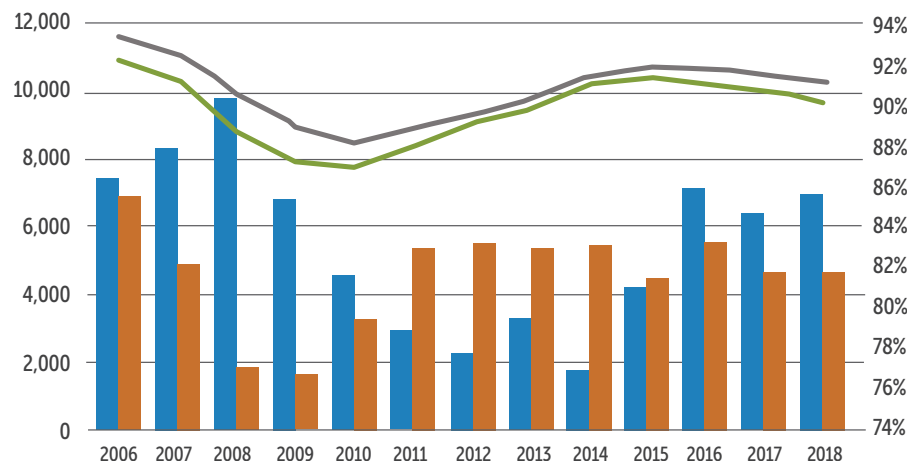
Housing developers for seniors have long sought a scalable solution to the moderate income market, which remains the most difficult market to engage from a private pay perspective. Land values, construction prices, staffing shortages, and operating costs have shifted the market rate for many senior housing communities to one that generally attracts higher-than-average incomes. There is a significant opportunity for any developer who can crack the code on affordable assisted living.

What’s “affordable” for the middle market?

Based on the [Consumer Expenditure Survey – 2017, U.S. Department of Labor Statistics](#), we summarized household expenditures into four major categories: housing, personal consumption, health care and medical, and other services. The median household expenditures offer a way to target the “median household” in a manner that can illuminate where consumption occurs.

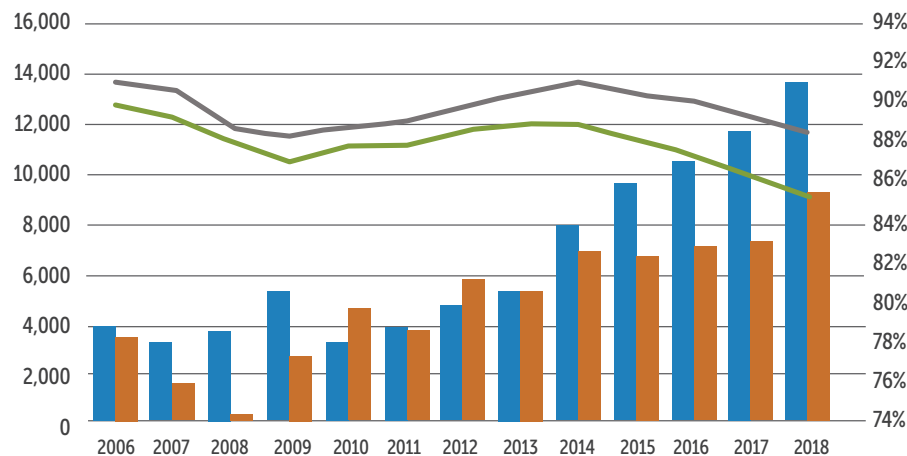
Majority IL Fundamentals

Primary Markets | 2006 – 2018



Majority AL Fundamentals

Primary Markets | 2006 – 2018



Source: NIC MAP® Data Service

- Inventory growth
- Absorption
- All occupancy (4Q)
- Stabilized occupancy (4Q)



In the example to the right, we assumed that the householder moves to an independent living facility. The transition from home (the column on the left) to an independent living provider (column on the right) provides interesting insight that helps define what “affordable” may mean for a middle market independent living provider or consumer.

The key is to bundle services and housing so that the provider can substitute the consumer’s expenditures from living at home with the services that will be provided at the community. The targeted expenditures of \$31,521 translates to \$2,627 per month. This monthly fee would need to cover:



Rent, maintenance, and utilities



One meal per day



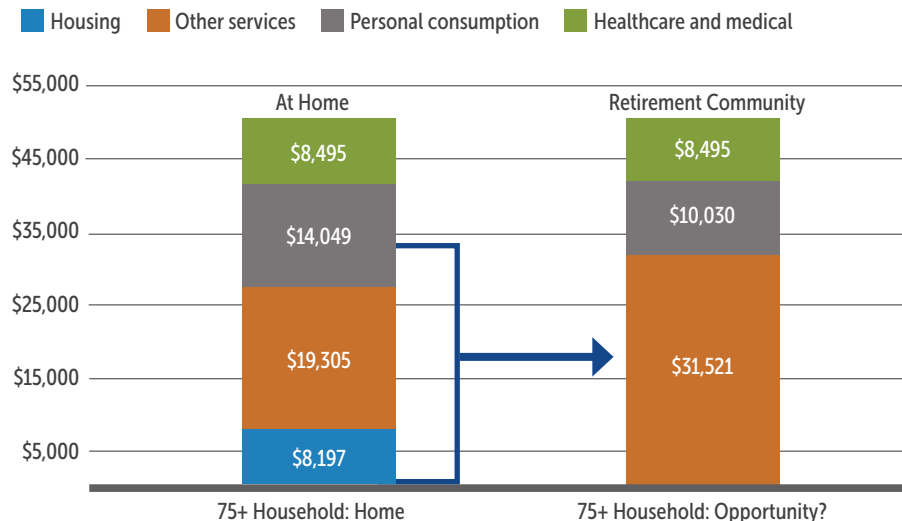
Some level of transportation



Opportunities for health care, wellness, and socialization in order to facilitate aging in place

The challenge and opportunity for providers is to determine whether they can develop independent living that can be priced at this target monthly fee.

75+ Household Expenditures



Source: Based on Consumer Expenditure Survey – 2017, U.S. Department of Labor Statistics, September 2018, Table 1300 (based on 2017 data), <https://www.bls.gov/cex/2017/combined/age.pdf>

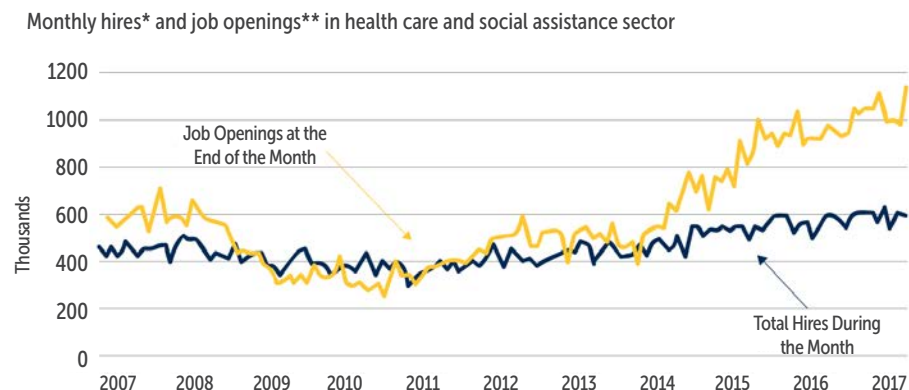
Are there service opportunities to address aging needs based on unique consumer value propositions that would allow your enterprise to expand service offerings?

Can you provide different services to help bring elements of senior living communities to residents at home, particularly focused on middle market solutions?

Workforce

Workforce challenges are often cited as the primary challenge for senior living operators. In 2019, McKnight's Senior Living [shared thoughts from industry leaders](#), including the National Center for Assisted Living (NCAL), Argentum, and LeadingAge. Each of these industry associations are engaging in a variety of partnerships, resource centers, and other means to help their members attract and retain adequate staff. Despite these efforts, the divide between job openings and total hires in the health care sector continues to increase, as demonstrated in the graphic below.

Job Openings in the Health Care and Social Assistance Sector Topped 1.1 Million in June



Source: Bureau of Labor Statistics; figures are seasonally adjusted

*The 'hires' figures represent the total number of additions to the payroll during the month. Net job growth — which for the health care and social assistance sector is generally in the +50,000 to -50,000 range during a typical month — is the difference between total hires and total separations during the month.

**Job openings represent vacancies on the last business day of the month

Source: Argentum, "Senior Living Labor & Workforce Trends: 2018 Forecasts." <https://www.argentum.org/wp-content/uploads/2017/12/Labor-Workforce.pdf>

While senior living companies and industry trade associations are seeking solutions to the workforce dilemma, there is no single answer. Senior living leaders will be forced to implement a variety of innovative solutions that can be pieced together to create a multifaceted approach to improve workforce recruiting and retention.



With respect to maintaining the wellness and health of individuals, opportunities to address workforce capacity could incorporate remote patient monitoring (RPM), telehealth, or other smart technologies in living spaces. RPM and telehealth provide a mechanism for operators to leverage clinical and physician workforces across a broader population or area, especially in rural locations where workers may be scarce. Further, these technologies pair well with the trend and desire to age in place.

Another opportunity for senior living providers is to create more established career pathways within their organizations to address key workforce needs. Katie Smith Sloan, President and CEO of LeadingAge, has often [cited the need for operators to demonstrate what long-term employment in senior living might look like](#) for a new recruit. And given the growth in senior living jobs when compared to the remainder of the private sector (see chart to the right), there appears to be robust opportunity for career growth in the senior living industry.

Senior Living Industry Employment Trends				
	Senior Living Industry		Total Private Sector	
	Number of jobs in 2016	Percentage change 2006 – 2016	Number of jobs in 2016	Percentage change 2006 – 2016
New England	46,300	45%	6,330,300	5%
Middle Atlantic	120,200	24%	16,590,500	7%
East North Central	154,700	46%	18,778,800	2%
East South Central	31,500	37%	6,630,500	3%
West South Central	66,700	43%	14,063,900	16%
Mountain	59,900	64%	8,596,800	8%
Pacific	148,400	52%	18,932,100	9%
United States	891,900	40%	122,083,000	7%

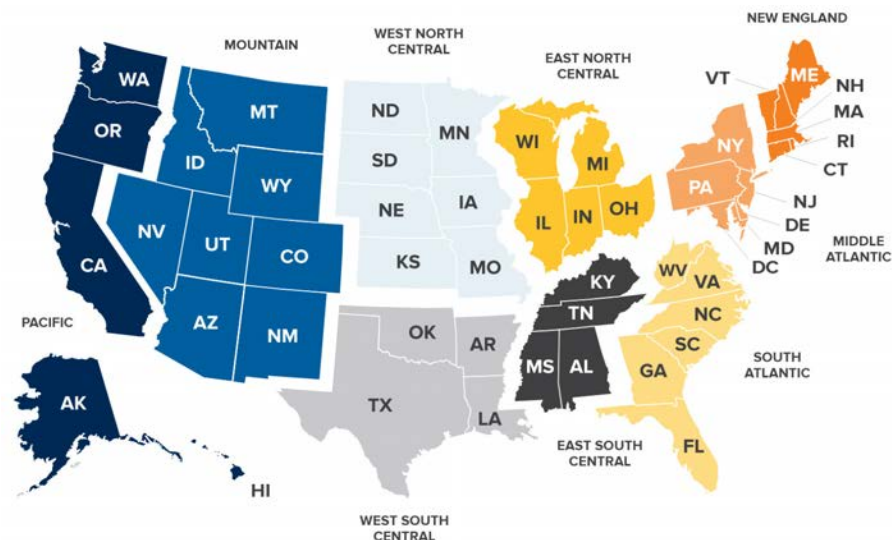
Source: Argentum, "Senior Living Labor & Workforce Trends: 2018 Forecasts." <https://www.argentum.org/wp-content/uploads/2017/12/Labor-Workforce.pdf>

Can you capitalize on growth opportunities in your marketplace to create new career paths for talented individuals in your organization?

Do you have strategies to engage with a more diverse and aging workforce?

Are you utilizing technology to help meet workforce needs?

Is your technology driving employee recruitment and retention?



Source: Argentum, "Senior Living Labor & Workforce Trends: 2018 Forecasts." <https://www.argentum.org/wp-content/uploads/2017/12/Labor-Workforce.pdf>

How One Organization's Innovation Is Changing Workforce Recruitment and Retention

Attracting and retaining staff remains an ongoing issue for many senior living operators. [Ovation Communities](#) in Milwaukee, Wisconsin, is no exception. Having been in existence for more than 100 years with three communities, Ovation has found that creativity and flexibility are the keys to meeting workforce needs.

"We've noticed increasing competition in related health care organizations, like local hospitals, but even outside of health care," said Michelle Putz, Ovation's chief operating officer. "For example, we are now competing with Amazon, which is building a new distribution center in our area. We immediately lost two people when those jobs opened up."

And while low unemployment rates put pressure on senior living operators to be competitive, Putz adds that even with competitive pay, there simply aren't enough people to fill open roles. That means Ovation has to think differently and create new career paths in their organization.

Thinking creatively about attracting a new generation of staff

For the past several years, Ovation has been using the [Geriatric Career Development Program](#), a three-year grant-funded program that partners with local high schools with at-risk students. Ovation is currently working with three local high schools.

Through the program, students come onto the Ovation campus two days per week and work with staff throughout their communities. During this time, they learn about senior living, geriatric care, and potential career opportunities. Ovation also provides training in financial literacy, leadership development, professionalism, and ACT/SAT and college readiness prep. The students receive a small stipend every other week to help keep them (and their parents) engaged in the program.

"The program is about developing pathways for students into senior living and geriatric care, but it's also about preparing students for success in life," said Putz.

"We are extremely proud of the students and the program," said Michael Sattell, Ovation's chief executive officer. "It is very clearly doing well by doing good. Everybody wins. We're helping out the greater Milwaukee community. We're helping ourselves by hopefully developing our future workers."

Innovations in retaining current staff

Because restructuring wages and increasing wage differentials won't always fill staffing gaps, Ovation is also adopting other changes.



Instituting personal career pathways. To show they prioritize employee growth, Ovation helps staff develop and meet personal goals. Their career pathways approach began with nursing staff, with the long-range goal of expanding to other areas. "We want to show our staff we care about their individual development, but doing so helps our organization overall because we are finding gaps and filling needs," said Putz.



Job sharing. When two nurse managers approached Putz with a job share proposal, allowing them both to cut back on hours to tend to family needs that would otherwise force them to leave their jobs, Putz quickly agreed. "We've had to work things out, change up hours, and be flexible, but it's about keeping critical staff. It was an easy decision."



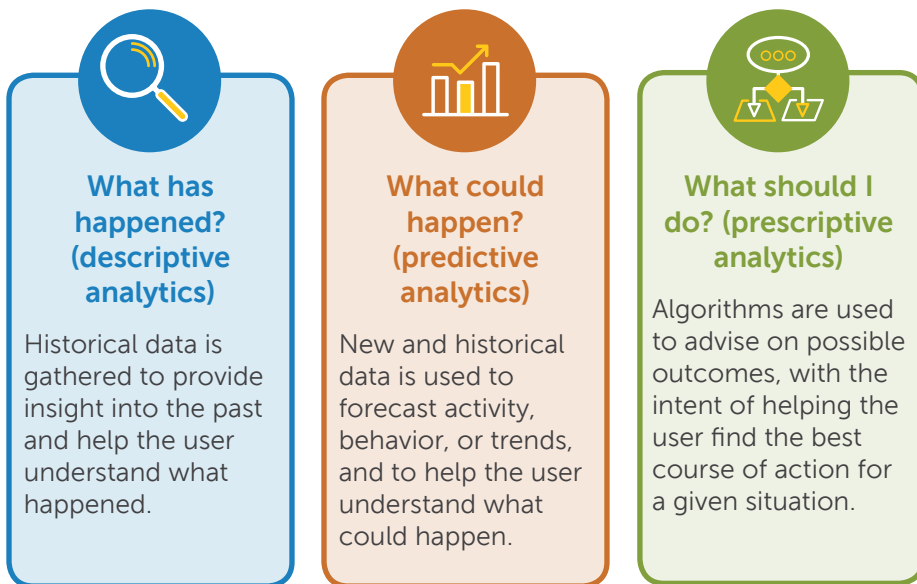
Flexible staffing roles. Ovation uses a "corporate RN" who has served in all positions throughout the organization, so when needs arise, the RN can seamlessly step into those roles. During other times, the RN works on organizational projects as well as training and mentoring outreach in the community.

Sattell also adds one intangible asset that he believes helps draw and retain senior living employees—purpose and relationships. "When you work in senior living, what you get in return are wonderful relationships that only make you a richer person; what you get is far more valuable than what you give."

Big data and technology

The proliferation of data and technology is disrupting every industry, and senior living is no exception. Operators are constantly improving their ability to turn data into insights that can guide all aspects of operational, strategic, clinical, and financial decision-making.

Data analytics itself is evolving, and this evolution is causing operators to ask different types of questions, such as:



As we know, data is playing a key role in the market. If we look at the FFS world, hospitals are taking note of readmission rates, which can result in financial penalties if those rates are too high. This means hospitals watch their quality metrics and cost data and are engaging in more collaboration and communication with nursing homes.

When we look at the landscape of new payment models like ACOs and bundles, these entities are keenly focusing on quality and cost data with the goal of maintaining cost-efficient, high-quality care. Therefore, these payment models track data related to CMS Five Star ratings, readmission rates, cost per episodes, length of stay, and related metrics. Medicare Advantage plans also pay close attention to similar data and metrics.

The key point for senior living providers is that knowing your value (to your customer and to health care payors) is essential for your future. Using data analytics, you can prove your value and differentiate yourself in the marketplace.

Of course, data analytics isn't only for large national players — operators of all sizes have improved access to data analysis tools. As more leadership groups anticipate and expect more data-driven insight, it has become apparent that, while many operators have data, very few have the ability to harness that data to create meaningful business insights. In 2019 and beyond, we anticipate that this will change.

Analytical tools

New technologies are allowing small organizations with smaller budgets to do meaningful data analytics, where as in the past this was only available to larger, more sophisticated organizations with big budgets. It's valuable for companies of all sizes to choose a cohesive suite of analytical tools so they can conduct significant analysis internally.

The following highlights examples of readily available tools available to most organizations:

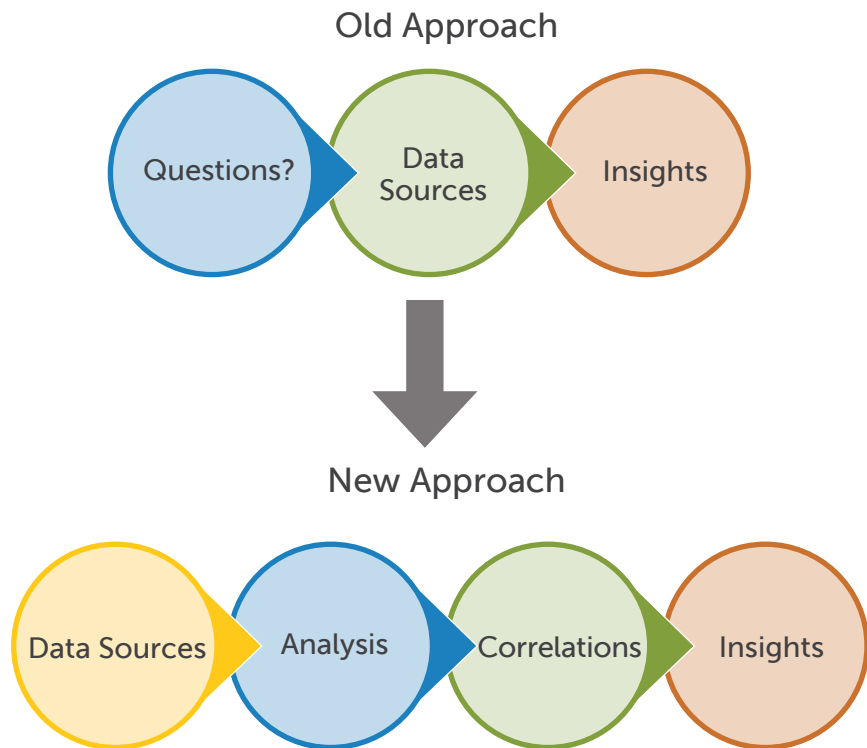
Microsoft Excel: With the most recent iterations of Excel, there are now a number of key enhancements, including PowerQuery, which allows you to access external data and create queries, and PowerPivot, which allows you to create robust data analyses and establish data models. The addition of DAX, which is a formula customization program, brings the capability to create and develop statistical metrics, among other things, giving the user significant control over customized formulas.

Microsoft Power BI: The sibling of Microsoft Excel, PowerBI (“Business Intelligence”) was developed to bring big data capabilities and analyses. There are many other strong platforms that offer similar capabilities, such as Tableau and IBM, providing easy and affordable access allowing users to enhance data analyses within their organizations.

R Project for Statistical Computing: R is a free software package for statistical computing that compiles on a wide range of platforms, and is used to statistically conduct data science.

Leveraging data with data analytics

The shift regarding how operations think of data, convert data into information, and then make changes or decisions can be defined as follows:



To provide a simple data analysis example, we posed a simple question: “Does Five-Star data indicate that those with higher overall Five-Star ratings have higher profitability?” We used [CLA Clarity](#), our proprietary database, along with PowerBI, to perform analytics and find the answer. We started by looking at a four-year historical period.

CMS overall Five-Star Rating	Median operating margin
1	-1.61%
2	-1.01%
3	0.28%
4	0.32%
5	0.69%

Source: CLA Clarity, 2018, sample size: 11,765 skilled nursing facilities

Seeing such a strong positive correlation between the Five-Star rating system triggered us to ask additional questions about the various components of the rating system and the correlation with profitability, as measured by operating income. While many factors beyond the Five-Star rating influence profitability, this analysis showed:

- Strong positive correlation between a facility’s Five-Star **survey** rating and median profitability
- Strong positive correlation between a facility’s Five-Star **quality** rating and median profitability
- Strong [negative correlation between a facility’s Five-Star **staffing** rating and median profitability](#), which suggests that the cost of obtaining a high Five-Star staffing rating may not be offset by revenues that may be derived from the high rating

Rating	Median operating margin based on Five-Star survey rating	Median operating margin based on Five-Star quality rating	Median operating margin based on Five-Star staffing rating
1	-2.33%	-0.94%	0.64%
2	0.38%	-0.83%	0.87%
3	0.25%	-0.69%	-0.37%
4	0.80%	-0.10%	-0.76%
5	0.97%	0.75%	-2.30%

Unlike other segments of senior living, skilled nursing is unique in that there is national, public data available. However, independent and assisted living operators can use a combination of proprietary and public data sources to help answer a variety of relevant questions, including where to build, how to market, and how to price.

CLA Clarity organizes nearly one-billion financial and quality measures from every Medicare-certified skilled nursing facility in the country. This vast data set is then organized in a way that allows providers to explore how their facility compares to specific peers. Clarity pairs the data CLA has acquired with our industry experience, allowing us to deliver unmatched insights to help operators better understand their businesses and determine specific areas of focus to help improve performance.

What data are you generating today, and how can you use that data to create insights?

Are you using data to communicate your value to other health care providers and payors?

Are you willing to invest in one or more employees specializing in data analytics with confidence that their value would exceed their cost?



Growth, but not for growth's sake

Success in senior living is often found in the convergence of two opposing beliefs: health care is local, and bigger is better. Single-site operators often struggle to access capital and remain relevant. On the contrary, some larger operators struggle if they lose the pulse of their local market.

Any good organization should always be thinking about the ways they need to grow into the future. Bigger isn't always better; better is better. Many senior living operators are seeking to understand this and find their "sweet spot" in terms of size. There is no standard answer to the question, "How big should we be?" We recommend finding growth strategies that define what "better" means to your organization, your market, your finances, and your future. Capitalize on where there are opportunities and protect yourself, to the best of your ability, from negative market shifts.

Seizing market opportunity

There is little doubt that the senior living industry offers opportunity, but that opportunity is not presented to all operators equally. We believe that providers who constantly ask themselves how they can become more relevant will thrive in this exciting season. Some should grow in size or scope because the market will soon demand more senior living than is currently being provided. Others might pursue a new community because they can provide a superior product at a competitive price. Still, others may consider new tools, like telehealth and data analytics, to provide a competitive advantage, or new partnerships to enhance their relevance.

There are large trends happening across health care and in senior living, but each market and every organization has a unique set of circumstances that will inform their own growth story. We believe that relevant communities providing high-quality experiences to their customers at a competitive price will reign supreme. Some of these communities may be part of national chains, while others may be owned by a smaller regional provider. Regardless of size, we believe that growth — in capabilities, service, relevance, collaboration, and data analytics — will be the driving force for successful senior living providers in 2019 and beyond.

What market opportunities are you uniquely positioned to capture?

What competitive advantages do you offer, and how can you expand your opportunities?

How can you increase your relevance as an organization?



How we can help

This year's trends offer extreme promise for growth. But organizations that do not take the time to create a strategic plan for the future may not be able to compete with those that do.

CLA's comprehensive [strategic, advisory, and outsourcing services](#) can help senior living providers across the continuum determine which opportunities are most advantageous for their specific organization. Whether you are a Life Plan Community, home health agency, nursing home, community-based care provider, or hospital, our insight into your organization comes from years of working with health care clients similar to yours. We promise to know you and help you.

Services for senior living providers

- Comprehensive [strategic planning](#) assistance
- Financial analysis and modeling of strategies via [CLA Intuition®](#) and [CLA Clarity](#)
- Payment transformation and regulatory and policy insights
- [Master planning facilitation services](#)
- [Outsourced capabilities](#)
- [Continuing Care at Home advisory services](#)
- [Cybersecurity and risk management](#)
- [Market research](#)

[Jennifer Boese](#) is a director of health care policy focusing on public policy development, both regulatory and legislative, in Washington, DC, as well as new and emerging payment models being tested nationally across the health care continuum. She provides thought leadership, policy analysis and strategic insights to health care providers across the continuum related to the industry's ongoing transformation towards value.

[Mario Mckenzie](#) is a partner specializing in assurance and advisory services. He has experience in strategic planning, master planning, executive compensation planning, operational assessments, and feasibility studies (financial and market) for senior living organizations. Mario has developed interactive financial models and planning tools to assist organizations with all phases of planning (strategy, conceptual planning, master planning and feasibility).

[Gail Miller](#) is a principal specializing in conducting financial and market feasibility studies, strategic capital planning, and other consulting services for senior living and health care providers. She has extensive experience supervising financial feasibility studies, including both financial analysis and market research components, and has successfully assisted clients through the planning and financing of their projects.



Download the *2019 Senior Living Trends* whitepaper at CLAAconnect.com/2019trends.

About CLA

CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, outsourcing, audit, tax, and consulting services. With more than 6,100 people, 120 U.S. locations and a global affiliation, we promise to know you and help you. For more information visit CLAconnect.com.

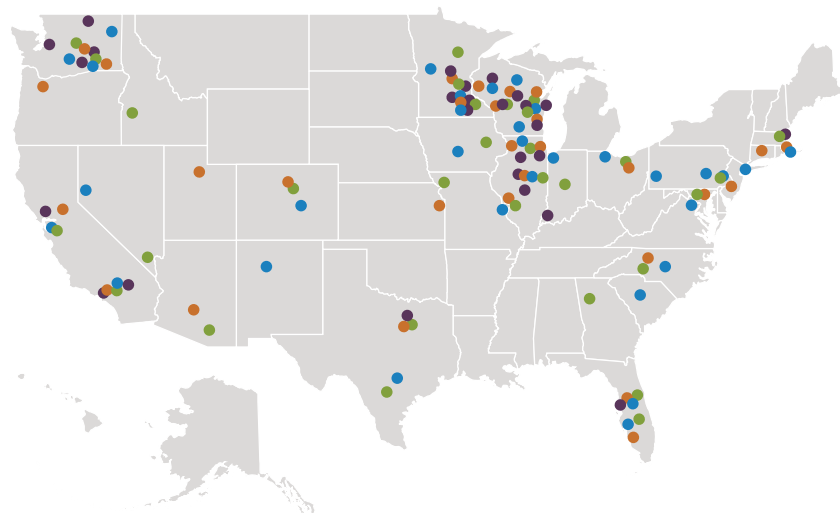
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